

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development gives Notice of Intended Action to amend Chapter 23, "Iowa Community Development Block Grant Program," Chapter 61, "Physical Infrastructure Assistance Program (PIAP)," and Chapter 174, "Wage, Benefit, and Investment Requirements," Iowa Administrative Code.

The amendments to Chapter 23 include a cross reference to Chapter 174, Iowa Administrative Code. The amendments allow the Department to allocate up to \$5 million from the Iowa Values Fund each fiscal year to the PIAP program for projects that do not directly create or retain jobs, but include activities that encourage future job creation. The amendments revise program eligibility requirements to allow such projects to receive PIAP funds and allow the Department to establish performance measures for projects receiving funds under this allocation. The amendments waive the required wage threshold and revise collateral requirements for PIAP projects funded through this allocation of funds. The amendments change the Economic Development Set Aside (EDSA) program wage threshold to reflect requirements in Chapter 23, Iowa Administrative Code.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on September 8, 2008. Interested persons may submit written comments to Nichole Warren, Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4831.

A public hearing to receive comments about the proposed amendments will be held from 2:30 to 4:30 p.m. on September 8, 2008, at the above address in the Iowa Room, Second Floor.

These amendments are intended to implement Iowa Code section 15.108(1)"a" and 2008 Iowa Acts, Senate File 2325.

The following amendments are proposed.

ITEM 1. Amend subrule 23.7(1) as follows:

23.7(1) Restrictions on applicants.

a. and b. No change.

c. ~~The average starting wage of jobs to be created or retained by a proposed project shall meet or exceed the lower of 100 percent of the average county wage or 100 percent of the average regional wage~~ To be eligible for assistance, applicants shall meet the qualifying wage threshold requirements described in 261—Chapter 174.

d. to k. No change.

l. Unless in conflict with a federal HUD definition for CDBG, the standard definitions located in 261—Chapter 173 apply to the EDSA program.

ITEM 2. Amend subrule 61.1(2) as follows:

61.1(2) Administrative procedures. The PIAP program is subject to the requirements of the department's rules located in 261—~~Part VII, additional application requirements and procedures,~~ Chapters 171 through 175 and 261—Part VIII, legal and compliance Chapters 187 through 189.

ITEM 3. Amend subrule 61.3(1) as follows:

61.3(1) Quality, high-wage jobs. A business shall create or retain quality, high-wage, full-time jobs or provide the foundation for creation of such jobs. The quality of the jobs will be measured by factors such as the wage level and benefits provided.

ITEM 4. Amend paragraph **61.4(2)“c”** as follows:

c. An identification of the number of jobs to be created or retained as a result of the project and an explanation of why they are considered quality, high-wage jobs. The explanation shall include the job classifications, ~~pay ranges~~ the number of jobs that meet or exceed the qualifying wage threshold described in 261—Chapter 174, and benefits to be provided to the employees. If no jobs are to be created or retained as a direct result of the project, the applicant shall provide a description of how the project creates the foundation for the creation of high-quality jobs in the future.

ITEM 5. Amend rule 261—61.5(15E) as follows:

261—61.5(15E) Application review criteria performance measures.

61.5(1) to 61.5(4) No change.

61.5(5) The number of jobs to be created or retained or how the project contributes to the future creation of high-quality jobs.

61.5(6) to 61.5(11) No change.

61.5(12) Each fiscal year the department may allocate up to \$5 million from the Iowa values fund to the PIAP program for eligible projects that shall not be subject to job and wage requirements established in Iowa Code section 15G.112. The department will establish performance measures for projects funded through this allocation. Performance measures may include but are not limited to the requirement of tenant businesses involved in business infrastructure projects to meet minimum job and wage requirements pursuant to Iowa Code section 15G.112, the requirement that a certain percentage of building space resulting from the project be leased to business tenants, documentation that the project is part of a larger redevelopment effort, or other measures deemed appropriate by the department. Performance measures for such projects will be determined at the time of award and incorporated into any contract between the department and the applicant. Performance measures shall be met within three years of the completion of the project.

ITEM 6. Amend subrule 61.7(2) as follows:

61.7(2) Amount of award. The maximum award per project shall not exceed \$1 million. The director may waive this award limit upon a showing that the business exceeds the eligibility requirements for the program; or the wages to be paid are in excess of those paid in the community or the industry; or the project will bring a substantial economic benefit to the community or the state. If an award would exceed the \$1 million level, the director shall advise and consult with the IDED board prior to approving a waiver of the award limit. Any award in excess of \$1 million shall be secured by an irrevocable letter of credit, unless funded through special allocation of PIAP funds, up to \$5 million, established in subrule 61.5(12).

ITEM 7. Amend paragraph **174.3(5)“a”** as follows:

a. *IVF (2005).* Projects that are funded with IVF (2005) moneys through the following programs shall meet the qualifying wage threshold listed below:

Funding Source: <u>IVF (2005)</u>		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying wage threshold?
CEBA:	Small business gap financing component	130% of average county wage	Yes
	New business opportunities and new product development components	130% of average county wage	Yes
	Venture project component	130% of average county wage	Yes
	Modernization project component	130% of average county wage	Yes

Funding Source: <u>IVF (2005)</u>		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying wage threshold?
VAAPFAP		130% of average county wage	Yes
PIAP		130% of average county wage, <u>unless funded through special allocation of PIAP funds, up to \$5 million, established in subrule 61.5(12)</u>	Yes
EVA		130% of average county wage	Yes

ITEM 8. Amend paragraph **174.3(5)“c”** as follows:

c. *EDSA*. Projects that are funded with EDSA moneys shall meet the following wage threshold:

Program Source: <u>CDBG</u>		Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the wage threshold?
EDSA		100% of average county wage <u>or average regional wage,</u> <u>whichever is lower</u>	No